

Weymouth & Portland and West Dorset Councils

2014 Strategic Housing Market Report

Part 1: Objectively Assessed Housing Needs

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1 INTRODUCTION

- 1.1 This report is an assessment of housing need in West Dorset and Weymouth & Portland Districts. Together these two local authorities comprise the Housing Market Area.
- 1.2 In undertaking this work we have taken a fresh look at housing need. We have not updated earlier work. This is not because earlier work is defective. This is because continued updates (especially when undertaken by different people at different times) lack consistency and become increasingly difficult for the reader to follow. The ONS also frequently update and correct old data which makes comparisons with older documents difficult.
- 1.3 As required in the NPPF this report establishes both market housing need (Objectively Assessed Housing Need) but also updates the affordable housing calculation to bring it into line with the whole housing market area need.
- 1.4 The report and its approach rely heavily on recent advice published by the Planning Advisory Service in July 2014. That advice note was prepared at the request of local authorities who sought additional guidance and clarification on how to calculate housing need. Rather than repeat at length that advice note, we frequently cross-refer to the advice note where more detail and/or explanation is necessary¹.
- 1.5 The SHMA report is structured in two main parts.
- 1.6 **Firstly (Part A)**, we establish the whole market housing need figure by looking at demographic projections. As required by the NPPF and Planning Guidance, these are tested against 'market signals' before we establish the housing need figure for the HMA.
- 1.7 **Secondly (Part B)**, we take this forward and estimate a realistic and deliverable *affordable* housing need figure.
- 1.8 Because the Part A report recommends a revision to the Housing Need figure for the area (and housing target) the Part B report is required to update the affordable housing needs requirement. This is also prudent given that the former SHMA guidance has been withdrawn leaving the area without an upto date affordable housing evidence base.
- 1.9 The report as whole has been written jointly by Peter Brett Associates and HDH Planning and Development. The Part A report has been led Peter Brett Associates and Part B by HDH Planning and Development.
- 1.10 As required by national policy, the main bulk of the report focuses on the HMA as a whole. This is because the HMA is the main geographic unit at which housing need is estimated and if possible met in full.

1

<http://www.pas.gov.uk/documents/332612/6363137/Objectively+Assessed+Need+and+Housing+Targets/f22edcc2-32cf-47f1-8e4a-daf50e4412f7>

- 1.11 Also because plan periods can (and frequency do) differ or change while a plan is being drafted we present most of our data 'per annum'. For the Part A report, looking at Objectively Assessed Housing Need, this is calculated over a 20 year period starting from the last census (i.e. 2011 – 2031). We start from 2011 because this now a fixed census datapoint² and common to most of the projections.

² Because of the projections are not exactly liner using different dates to derive the average will show slightly different per annum results. For the affordable housing requirements, which need to start in 2014 a slightly different per annum average is used which has been calculated over 17 years from 2014.

2 BACKGROUND

- 2.1 Under the previous planning system, local housing targets were set by Regional Spatial Strategy (RSS). These sought to balance the demand and sustainable supply of new homes across the whole of the region.
- 2.2 The South West RSS is now abolished and local authorities are free to set their own targets.
- 2.3 However, there are a number of caveats to this freedom. Any emerging housing target needs to be compliant with national planning policy, as set out in the National Planning Policy Framework (NPPF, published in March 2012) and subsequent Planning Policy Guidance.
- 2.4 Perhaps the key difference between the former Regional approach and that promoted by the NPPF is that housing targets are now a matter to be managed within the Housing Market Area (HMA). According to the NPPF, the primary document for setting housing need should be a joint Strategic Housing Market Assessment (SHMA).
- 2.5 In this case, the HMA is already defined in earlier evidence as the two local authority districts combined. This geography also mirrors that developed for CLG by CURS in 2010.³ That work confirms that Weymouth & Portland together with West Dorset form a single housing market area. This conclusion applied when CURS considered either single tier or strategic HMAs; for both geographies the two districts were found to be a single Housing Market Area.⁴
- 2.6 As the first step in advising on the HMA housing need and potential target, we summarise what the Framework, the PPG and new PAS advice, requires of the two local planning authorities, working jointly as a Housing Market Area.

The National Planning Policy Framework

- 2.7 Our starting point is national planning policy, as set out in the National Planning Policy Framework (NPPF). Key extracts are quoted below.

³ C Jones, M Coombes and C Wong, Geography of housing market areas, Final report, November 2010, Department for Communities and Local Government (Discussed in more detail in following chapters)

⁴ Strategic HMA 89 or single tier HMA 101.

National Planning Policy Framework Housing provision and housing need

- '17. Planning should... deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth.'*
- '47. To boost significantly the supply of housing, local planning authorities should... use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework.'*
- '159. Local planning authorities should have a clear understanding of housing needs in their area. They should... prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should: identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
- meets household and population projections, taking account of migration and demographic change*
 - addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);and*
 - and caters for housing demand and the scale of housing supply necessary to meet this demand.'*
- '179. Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework.'*
- '182. The Local Plan will be examined by an independent inspector whose role it is to assess whether the plan has been prepared in accordance with the Duty To Cooperate, legal and procedural requirements, and whether it is sound. A local planning authority should submit a plan for examination which it considers is “sound” – namely that it is:*
- Positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;*
 -'*

2.8 In summary, local planning authorities should make objective assessments of housing need, working jointly with neighbouring authorities who share the same housing market area. Given that the Government wants to see many more houses built, Local Plans should provide land to meet those needs in full, insofar as their areas have the sustainable capacity to so, as defined by other policies in the Framework. Where this capacity does not exist, need should be 'exported' to

neighbouring areas. These neighbouring areas should accept it, as far as is reasonable and consistent with their sustainable capacity.

- 2.9 The NPPF is brief, covering housing need in only a few select paragraphs. To help deliver the NPPF the Government produced supplementary guidance in the form of Planning Practice Guidance. This is a new form of guidance and presents new challenges for anyone attempting to comply with its content.
- 2.10 Of particular note is that the guide is 'live' and can be amended 'when needed'. Some argue that this undermines its use because it removes the certainty formally afforded to previous guidance. At the time of writing the current version of the PPG (as it relates to housing need assessments) was version 2a (6th March 2014).

In Practice – the Planning Practice Guidance (PPG) Note

- 2.11 The PPG's section on housing and economic development needs assessments⁵ deals with housing in three sub-sections:
1. The approach to assessing need
 2. Scope of assessments
 3. Methodology: assessing housing need.
- 2.12 The first two sub-sections provide general guidance, covering both housing and economic development. The third is specific to housing. In paragraph 01 of the first sub-section, the PPG clarifies that the assessments it describes includes the Strategic Housing Market Assessment (SHMA) required by the NPPF.
- 2.13 The PPG puts forward a 'standard methodology' for assessing housing needs. It advises that other methodologies are possible, but the standard one is strongly recommended, and any authority that chooses to depart from it should explain why. In summary, the steps in the method are as follows.
- i **Define the housing market area (HMA)**
Where the housing market area covers more than one authority, the housing needs assessment should relate to this larger area, not the individual authority.
 - ii **Refer to the CLG household projections**
The CLG projections (which in turn are derived from the ONS population projections) provide the '*starting point*' estimate of housing need.
 - iii **Adjust for factors that are not captured by the CLG projections**
This stage may include the following:
 - a) Update the projection to take account of the latest available information;

⁵ Department for Communities and Local Government, *Planning Practice Guidance, Housing and economic needs assessments*, ID: 2a, Updated 06 03 2014
<http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

- b) If using the latest CLG projection, which is the 2011-based interim projection and only extends to 2021, 'assess likely trends after 2021 to align with development plan periods';
 - c) Adjust for other local circumstances, including exceptional or one-off events either past or expected, such as the building of an urban extension or a new university;
 - d) If market signals show that planning in the past has undersupplied need, adjust the CLG projection upwards;
 - e) If the demographic projection does not provide a sufficient labour supply to match the expected growth in jobs, adjust them upwards.
- 2.14 Explaining why the projections might need adjusting, the PPG notes that the CLG household projections are trend-based – that is, they carry forward past trends in population and household formation. Accordingly they cannot predict the impact of changes which are not captured in past trends, such as changing economic circumstances or government policy.
- 2.15 It is important to note that the PPG's recommended method for needs assessment excludes any analysis of supply constraints that might restrict the delivery of new housing. Indeed, in the previous section the guidance emphasises that constraints have no bearing on housing need – though they do of course bear on housing provision targets:
- 'The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.'*⁶
- 2.16 Following publication of the PPG a number of Councils (and others) suggested to the Planning Advisory Service that a companion advice note was needed. This was partly because dealing with many of the technical elements of the PPG, most noticeably the use, limitations and mechanics of the Household Projections (the starting point for housing needs work) was poorly understood by practitioners. This advice was published in June 2014.

In Practice – the PAS Advice Note

- 2.17 We will not repeat the full contents of the PAS note here. In summary, it confirms that while ONS projections are the starting point for setting housing need they need treating with extreme caution. This particularly applies to the more recent population projections.
- 2.18 More recent projections are problematic because, as the note explains, ONS projections are not forecasts and as projections they broadly carry forward recent

⁶ Ref ID 2a-003-2014036

observed past trends. Most volatile is the short 'trend base' period used to estimate future migration.

- 2.19 The ONS normally only look back five years before projecting forward ten or 20 years into the future. The recent five year period is heavily influenced by the recession and credit crunch period⁷ and is so a poor indicator of longer term demand.
- 2.20 A further and related difficulty is the choice of headship rate assumptions. (Headship rates concern the rate at which populations convert to households). As discussed in more detail below there are two sets in common use, the 2011 and 2008 set. Using either (or a mix) has various drawbacks and so need testing.
- 2.21 The note also provides a more detailed definition of 'housing need' than available in the NPPF or PPG. The note discusses in detail but in summary the note defines need as:
- 'The housing that households are willing and able to buy or rent, either from their own resources or with assistance from the state.'*
- 2.22 In this definition, 'need' is synonymous with 'demand', covering the affordable sector as well as market housing. Total need, or demand, equals the total housing that would be provided across both sectors, if land supply was not constrained by planning. This is why the assessed total need is often described as a policy-off estimate.
- 2.23 Building on the advice note we pull together and test a range or projections which have over time been prepared for the HMA and develop a more robust range as a starting point for housing need.

⁷ Technically the ONS has revised data

3 UNDERSTANDING THE COMPONENTS OF CHANGE

Introduction

- 3.1 The starting point for any assessment of housing need is a demographic projection. Any demographic projection comprises two elements. The first component is natural change. This is uncontroversial, and relatively straightforward to forecast. The second component is migration.
- 3.2 Understanding both, particularly the migration elements, is very important to understanding the potential validity of a projection. This is because all projections are sensitive to the migration observed in the trend base period. As the PAS note explains, projections are not forecasts but largely rely on an extrapolation of the observed past. So, if we either do not believe that the past trend period was unusual in some way (for example, one-off large developments creating unusual migration flows) then this may lead us to either choose a project forward a different trend period, or to develop alternative scenarios.
- 3.3 Differing levels (and components) of migration are also normally the main reason why different trend based projections often give different outputs. A lot of effort is sometimes made comparing projections without realising that projections of different dates carry forward a different past. A 2008-based projection, for example, carries forward the level and type of migration observed in a very different five-year period to a 2012-based projection.
- 3.4 With this in mind, we first therefore examine past migration trends alongside natural change to see how different time periods may influence the projections.
- 3.5 Detailed spreadsheets looking at the 'components' of change are to be found in the appendices.

Natural Change

- 3.6 Natural change is normally the less contentious of the two main projection variables.
- 3.7 For this HMA natural change has been negative; that is more local people die than are born.
- 3.8 In the HMA, 503 more people die than are born on average (10 year average 2001-11). This is reasonably stable year by year, although in recent years is slightly reduced.
- 3.9 Both districts show negative natural change. Over the 10 years the local population in W&P declined by 75 people each year. This rate of decline has slowed in the recent past: in the early part of the decade it was declining much faster and in the latter part of decade had stabilised around zero. However from a total population of 65,000 it is difficult to draw meaningful conclusions about such a small swing in

recent years. As a broad conclusion, natural change for W&P is slightly negative with more people dying than are being born.

- 3.10 In West Dorset around 400 more people die than are born and this number is reasonably stable. Between 2001 and 2011 on average natural change was -428 with a year by year variance of +/- 15%.

Migration

- 3.11 Migration is the more 'volatile' of the two main variables. In the plan area, net migration is positive and either 'tops up' the local population (which is declining as deaths outnumber births) or allows the area to grow.
- 3.12 The table below shows net migration in the plan area and each district. For the HMA net migration is always positive although for most of the 10 years net migration into W&P is almost zero with West Dorset migration dominant.
- 3.13 Migration is very difficult for the ONS to estimate, and so limited reliance should be placed on individual years. That said, what is noticeable is that migration flows into the area have been steadily falling over the 10 years.
- 3.14 There are two distinct drops in migration: the first in the early 2000s when migration into the plan area fell between 2003 and 2004, although this subsequently recovered slightly in 2005; the second was a drop between 2007 and 2008.

Table 3-1 Net migration into the HMA

Thousands / people

	HMA	West Dorset	W&P
2002	2.5	1.6	0.9
2003	2.2	1.8	0.4
2004	1.0	1.0	-0.0
2005	1.6	1.2	0.3
2006	1.2	1.1	0.1
2007	1.5	1.3	0.2
2008	0.9	0.9	0.1
2009	0.6	0.6	0.1
2010	0.8	0.8	-0.0
2011	0.7	0.6	0.1
2012	0.6	0.7	-0.1

Source: ONS

- 3.15 The drop in migration in early 2000s has no obvious explanation; the UK economy was performing well, and there are few obvious macro-economic or local reasons for this change, given that housing delivery was robust over this period. One potential reason could be that as the South East economy 'boomed', the Plan area became

relatively less attractive to migrate to. As we show below, a large amount of the migration originates from the South East of England or London.

- 3.16 The second fall (from 2007) can be attributed to the 2007 credit crunch, and local housing delivery subsequently collapsing. For potential migrants it became increasingly difficult to secure funds to move home and migrate. Even older people (who are less reliant on credit to fund house moves) would be reluctant to move when house prices were falling.

Who are the migrants?

- 3.17 As well as understanding the absolute number of migrants in any given year it is also useful to understand who they were; this is because (as noted above) any projection carries forward not only the absolute number of migrants but also their profile. (Migrant profiles matter, because the age of migrants will affect future rates of births, deaths, and economic activity).
- 3.18 The most dominant origin of migrants are from other South West local authorities. Each year around 5,000 people move into the plan area from other South West authority areas. This has remained broadly stable since 2001.
- 3.19 After local (South West) moves, London and South East are the next largest place of origin for migrants. In 2001, 3,100 people moved to the plan area from the two regions combined. Unlike the South West this migration flow has declined over the 10 years. In 2005/6 it fell slightly to 2,890 but by 2010/11 had fallen to 2,140 people (i.e. only 2/3rds of the 2001 flows).
- 3.20 For the future of the Plan area what is potentially more concerning is that migration in younger age groups, those likely to be economically active over the plan period, have been disproportionately reduced in the most recent (recessionary) years.
- 3.21 The table below shows that between 2005/6 and 2010/11 total migration from the South West Region fell by 9% but in the key working age groups (25-64) the decline was higher. The fall in 25 – 44 year olds was 16% and 45 – 64 year olds by 11%.
- 3.22 A similar pattern can be seen in the South East and London. Here, total migration fell much more dramatically (25% SE and 27% London) but this decline was also more acute in the younger working age groups. From both London and the South East, the flow of young working age people (25-44 years old) fell by 36% between 2005/6 and 2010/11.

Table 3-2 Migration from South West London and the South East to the HMA

	2001-02	2005-06	2010-11	Diff	Diff %
	A	B	C	B to C	
From South West					
All ages	4,880	5,040	4,610	-430	-9
0-15	1,030	890	860	-30	-3
16-24	690	790	820	30	4
25-44	1,640	1,700	1,430	-270	-16
45-64	970	1,090	970	-120	-11
65+	560	570	530	-40	-7
From London					
All ages	980	980	720	-260	-27
0-15	190	210	140	-70	-33
16-24	80	120	90	-30	-25
25-44	340	360	230	-130	-36
45-64	230	210	190	-20	-10
65+	130	90	80	-10	-11
From South East					
All ages	2,200	1,890	1,420	-470	-25
0-15	430	320	260	-60	-19
16-24	260	300	250	-50	-17
25-44	590	550	350	-200	-36
45-64	610	490	390	-100	-20
65+	310	230	190	-40	-17

Source: ONS

Summary

- 3.23 What the data shows is that migration into the area has been falling since 2001. While the decline in the early 2000s is difficult to explain, recession is an obvious cause of falling migration since 2007.
- 3.24 For projections, older projections are likely to be higher than newer projections because they carry forward past, higher, rates of total migration in their base period.
- 3.25 Newer projections are not only likely to be lower but also show a more rapidly ageing local population. This is because the absolute levels of migration are lower, so migration is less effective at offsetting the negative natural change. But also the ability of the migrants to 'top up' the population, and especially the younger (working

age population) is reduced because the age profile of recent migration is slightly older.

- 3.26 What this analysis suggests is that new projections, although lower and so suggesting a reduced potential need for new homes, may come at an economic cost because they also assume a much reduced migration of working age people. We discuss this in more detail in the next chapter.

4 DEMOGRAPHIC PROJECTIONS

- 4.1 The chapter above shows that observed, historic changes in population are the starting point for this assessment. We have also shown that it is legitimate to test which historic period is used for the assessment. This testing process is vital because, as we discuss below, each round of projections has its own positives and negatives and there is no one perfect answer which leads to a single figure of 'housing need'.
- 4.2 This is especially the case because older (pre 2011) projections relied on various estimates and extrapolations dating back to the 2001 census. Only Censuses, which are held every 10 years, provide reliable, directly observed facts about population and households. Between Censuses, ONS and CLG rely on estimates pieced together from various sources, including projections based on earlier Censuses and administrative records. The figures on births and deaths are robust, because they are taken directly from comprehensive and highly reliable registers. In contrast, estimates of migration and household formation are highly uncertain. Because there is no compulsory system in the UK to record migration, estimates are indirect inferences pieced together from imperfect data.
- 4.3 In this chapter we test a number of projections from the ONS but also developed by PBA. The ONS projections use only a short trend period (5 years) from their base so PBA have developed alternative projections using different base periods and also testing different household headship rates.
- 4.4 We first discuss the 'official' projections prepared by ONS & CLG before looking at the PBA projections.

ONS / CLG Projections

- 4.5 As national policy requires, our assessment of housing demand or need considers the official demographic projections from the Office of National Statistics (ONS) and Communities and Local Government (CLG). To set the context for our analysis, we begin with a brief description of these projections.
- 4.6 The official demographic projections are issued in two separate publications:
- i. ONS produces the Sub-National Population Projections (SNPP), which show population by age and sex, based on rolling forward past rates of natural change (births minus deaths) and migration for each demographic group.
 - ii. CLG then converts each SNPP into household projections.
 - iii. The factors that translate population into households, known as Housing Representative Rates (HRRs, also known as headship rates or housing formation rates), are based on rolling forward past trends for different demographic groups.
 - iv. The resulting household numbers are used as a measure of future housing demand, or objectively assessed need.

- v. The past that the projections carry forward, also known as the base period, or reference period, is defined in different ways for different items. Domestic migration rates are carried forward from the previous five years, as are other local components of change. But assumptions about international migration, births, deaths and household formation also take account of much longer-term trends and of expert opinion. Household headship rates, for example, are based on the five previous Censuses, beginning with 1971.

ONS/CLG 2008 (615 households per annum)

- 4.7 This is still the most complete set of national projections, as the 2011 Interim projections only go as far into the future as 2021. The migration is based on ONS estimates for 2003-08 and the ONS population projection was converted to households by CLG. This projection has been presented in the 'How Many Homes?' website.

ONS/CLG 2011 Interim (572 households per annum)

- 4.8 The ONS interim population projection uses the same assumptions and demographic rates (fertility, mortality and out-migration within England) as the (superseded) ONS 2010 projection but is based on the post-Census 2011 mid-year population estimate. The projection horizon is 2021.
- 4.9 The population has been converted to households in the CLG 2011 interim projections using 2011 based household headship rates.
- 4.10 The 2011 projections are lower than the 2008 based projections. This is mostly because of 2011 headship rates rather than lower migration estimates. For the interim projections the ONS did not fully update their migration model and so the recessionary decline in migration is not fully modelled. The decline is only fully evident in the newer (2012) based projections, which we discuss below.

PBA Projections

- 4.11 PBA have prepared a number of alternative projections to the two ONS projections introduced above. These are as follows.
- 2007 – 2012 Trends projection. We prepared this in order to 'mirror' the next official set of household projections to be prepared by CLG in late 2014. At the time this projection was produced the ONS 2012 SNPP were not available
 - ONS 2012 SNPP converted to households by PBA
 - 2001 – 2011 Trends projection. This is a ten year, Census-to-Census projection. We prepared this projection because as it 'Census-to-Census', it reduces the reliance on mid-year population estimates and broadly covers an economic cycle, so helping to iron out recession-induced swings.
 - 2001 – 2007 Trends projection. This scenario tests a reversion to pre-recession migration trends. We prepared this because, as the economy recovers, migration flows out of London and the South East may return to the levels seen before the recession.

Headship rate assumptions in the PBA projections

- 4.12 Headship rates are important because they translate any given population estimate into households. A final step is the conversion of households into dwellings which we return to later.
- 4.13 For the 'official' projections introduced above we have used the relevant set of headship rates provided by the CLG. But both sets (2008 and 2011) have been criticised. The PAS advice note provides more detail, but in brief, 2008 rates are said to be optimistic about the rate new households will form in the future and 2011 pessimistic.
- 4.14 A common alternative approach which has been developed and tested at examinations elsewhere is a 'blended' approach⁸. Again this is discussed in detail in the PAS Note, but simply put, a blended approach takes 2011 rates until the end of their validity (2021) and then reverts to the rate of change suggested in the more optimistic 2008 set. This approach is more *optimistic* about household formation than simply projecting forward the 2011 set.
- 4.15 So in the PBA projections the conversion to households uses the household representative rates and other assumptions of the CLG interim 2011 projections, described above, to 2021. After 2021 the household representative rates from the CLG 2008 projection are used with gender/age/relationship adjustments based on the comparison of rates with the CLG 2011 projection at 2021.

Un-attributable Population Change in the PBA Projections

- 4.16 When the 2011 census was published, the recorded population and population structure did not always marry with the ONS estimates formally used in the mid-year population estimates.
- 4.17 Where a discrepancy was noted the ONS attempted to recast their past data to try to explain how areas grew between the two Censuses and thus new mid-year population estimates were produced. However this exercise was not conclusive, and when checking back the ONS could not always source all the population growth (or decline) between the two Census dates. To 'balance' the mid-year population estimates with the Census the ONS included an element of 'unattributable population change' (or UPC).
- 4.18 Nationally UPC is positive; i.e. more people were reported in the Census than the ONS were expecting. Common explanations include an undercount in the 2001 census (i.e. they were always there, but did not show up in the numbers) or under-recording of inward international migration.
- 4.19 As with the national estimates, UPC is also positive in both local authorities here. As the detailed spreadsheets in appendix show it averages 341 people per year across the HMA (2001 -11).

⁸ First recommended by the South Worcestershire Inspector although others have accepted the use of 2011 HRRs throughout (see Rother).

4.20 In our (PBA) population projections we include this UPC element of population change.

PBA 2007-12 Trends Projection (484 Households per Annum)

4.21 This projection by PBA is based on the ONS 2012 mid-year estimates and uses fertility and mortality assumptions, but not actual rates, from the ONS 2012 projection for England. It uses average annual migration characteristics of the area by age and gender over the period 2007-12 using the revised series of ONS mid-year estimates for years 2007-10 and then estimates for 2011 and 2012. This projection is the closest that can be achieved using the same base period for migration as being used by ONS in the 2012-based subnational projections.

4.22 As would be expected from the discussion above, the 2007-12 projection is low for the area. This is mainly because net migration is much lower in this projection than earlier ONS projections; for example, in the latter years of the projection net migration is 700 people fewer each year than the 2008 projection assumes.

ONS 2012 SNPP (PBA Households) (507 households per annum).

4.23 On 29th May 2014 the ONS released a new set of official Sub National Population Projections. These use the same UK migration base data as the PBA 07-12 Trends Projection, but base international migration over 2006-12.

4.24 Compared to the PBA 07-12 Trends Projection the SNPP 2012 population projection is slightly higher in the latter periods of the projection. Inward migration is slightly higher than the PBA Trends projection.

4.25 In due course CLG will prepare a full household projection, using new headship rates that will incorporate full 2011 Census data. For the interim we have converted the SNPPs to households, using the same approach as the other PBA projections. Reflecting the slightly higher population the SNPP 2012 household projection prepared by PBA is slightly higher than the PBA 07-12 Trends projection. For the HMA as a whole the difference is 23 dwellings per year (approx. 5%).

4.26 However for planning these projections have the same limitations as the PBA 07-12 projection; in that the trend period is largely recessionary. As demonstrated elsewhere this HMA saw a fall in house building and migration in the recession and so recent projections may be a poor indicator of longer term housing need or demand.

2001-11 Trends Projection (621 households per annum)

4.27 This projection by PBA is based on the ONS 2012 mid-year estimates. It uses average annual migration characteristics of the area by age and gender over the period 2001-11, but in all other respects uses the same inputs as the 2007-12 Trends projection.

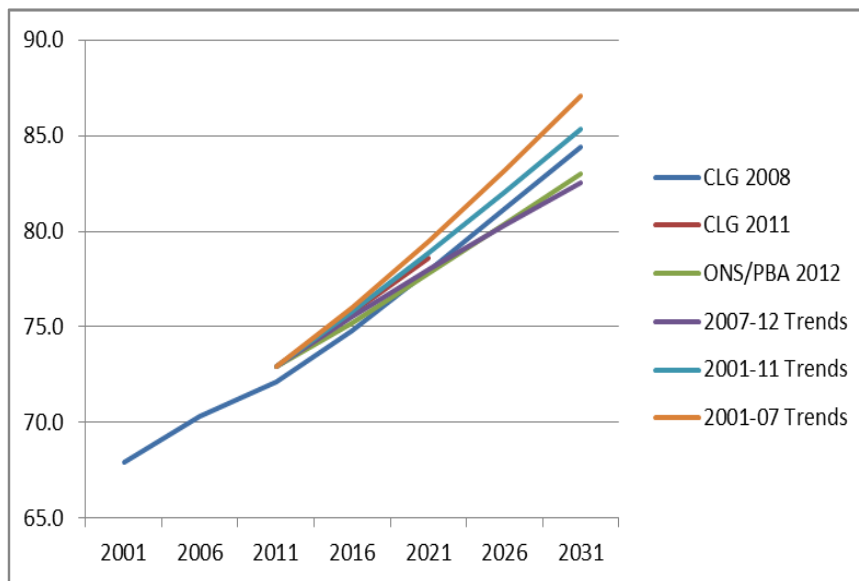
4.28 This projection has a very similar amount of migration as the ONS 2008 based projection and suggests a similar household growth.

2001-07 Trends Projection (709 households per annum)

- 4.29 This projection by PBA is also based on the ONS 2012 mid-year estimates. It uses average annual migration characteristics of the area by age and gender over the period 2001-07 but in all other respects uses the same inputs as the 2007-12 Trends projection.
- 4.30 The projection is the highest of all those we have considered and because it projects forwards very favourable economic conditions (housing boom) is likely to be the highest credible scenario available.
- 4.31 In this scenario net migration is slightly higher than the 2008 projection because this projection 'captures' in its base the very high migration observed in the first few years of the decade which are excluded from the 2008 based projection. In the very early years of the decade migration into the plan area exceeded 2,000 people each year.
- 4.32 The charts bellow show all the various projections compared for the plan area followed by the districts. Detail (including spreadsheets) can be seen in the appendix.

Figure 4-1 HMA household projections

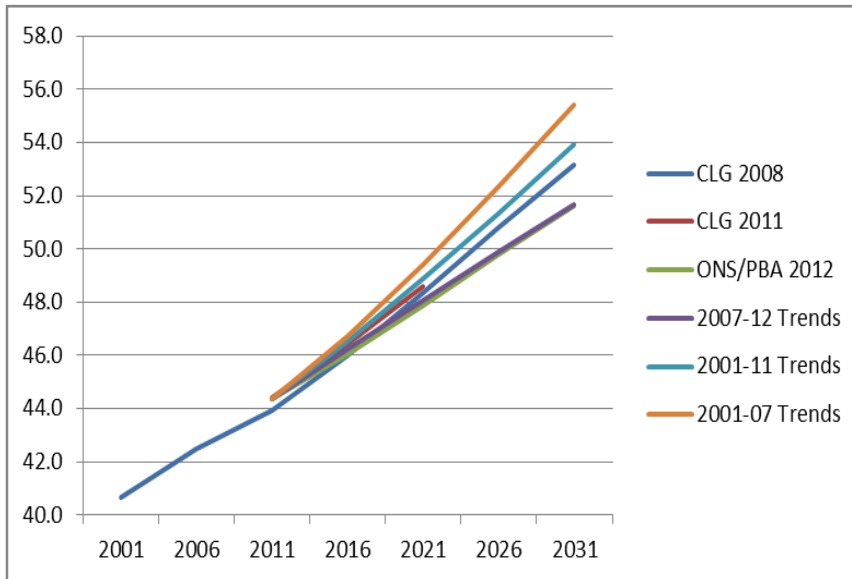
Thousands



Source: CLG / PBA

Figure 4-2 West Dorset household projections

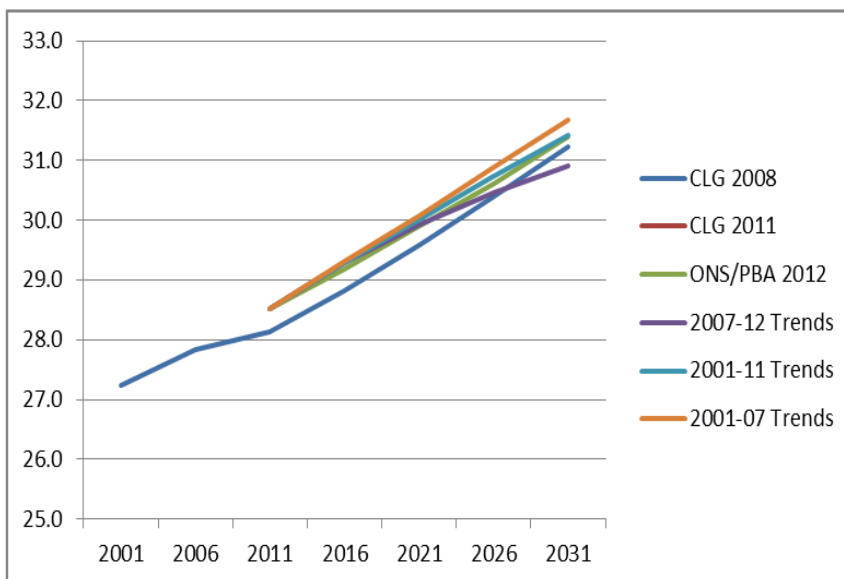
Thousands



Source: CLG / PBA

Figure 4-3 Weymouth & Portland household projections

Thousands



Source: CLG / PBA

The labour force

- 4.33 The data above relates only to total population and resulting households. However for planning it is also important to test the resulting age structure and particularly the size of the projected workforce.
- 4.34 There is no one agreed method of converting population into labour. The ONS formerly provided a set of future economic activity rates which could be used to translate any given population into a future labour force. But they have ceased to

produce this set and so we now lack a definitive dataset. Subsequent to the last set of official ONS economic activity rate projections Government has increased the retirement ages so making the ONS set obsolete.

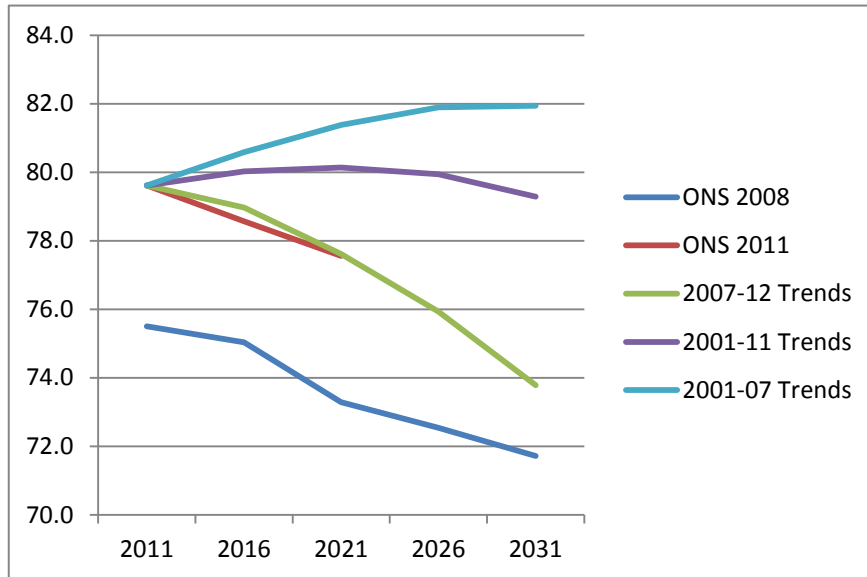
- 4.35 To overcome this, Kent County Council updated the former set of economic activity rate assumptions to make allowances for older age people to contribute to the labour force for longer. At a number of examinations (e.g. South Worcestershire and Cheshire West), Councils have argued that Kent have underestimated the role older people will contribute to the workforce in future years. The arguments for this are detailed but in summary suggest that in addition to state retirement ages increasing older people (in the future) will be poorer and houses more expensive. This will result in older people working for longer.
- 4.36 There is some potential merit in this argument. But for future planning we find such an argument difficult to promote. Firstly it is a key objective of Government Policy to 'boost the supply' of new homes to help offset house price inflationary pressures. Secondly there is no (or very limited) evidence on which to base any assumptions. With these caveats in mind, we suggest a precautionary approach when estimating the role older people may play in the future workforce.
- 4.37 So for the various projections we have converted population to the resident labour force using:
- ONS: Projection of the UK labour force to 2020 (Labour Force Trends, January 2006)
 - Kent County Council Technical Paper: Activity Rate Projections to 2036 (October 2011)
 - 2011 Census: total population and total economically active population by gender aged 16-74 (Tables 6202 (males), 6203 (females), 6205 and 6208)
- 4.38 The 2011 Census⁹ data currently available does not show local authority level data in all of the required 12 age groups. Tables 6202 and 6203 show data for ages 16-74. Table 6205 shows data for ages 16-24, 25-49 and 50 plus by gender. Table 6208 shows data for England by gender and by 12 age groups between 16 and 74. Therefore the resulting economic activity rates for England at 2011 had to be adjusted using the other three tables to estimate rates for each local authority at all age groups and by gender. These rates were then projected to 2031 according to the ONS and Kent work.
- 4.39 The chart below shows the results for the plan area. As can be seen only the highest of all the demographic scenarios developed above (pre-recession 2001-07 trends show) any increase in the workforce using the Kent County Council assumptions.
- 4.40 The reason for this is that that projection includes not only a higher absolute level of inward migration but also a slightly younger profile of migration; pre-recession the plan area was slightly more attractive for younger working age people to migrate to than during the recession.

⁹ https://www.nomisweb.co.uk/census/2011/detailed_characteristics

4.41 Local authority data is shown in appendix but each authority shows a similar pattern.

Figure 4-4 HMA labour force projection using Kent CC assumption

Thousands



Source: PBA / CLG & Kent CC.

4.42 Even in the 2001-07 trends scenario the labour force growth is very modest; however as noted above we have taken a potential pessimistic view of the size of the future workforce.

Dwellings

4.43 All the data above relates to population and households (or labour force). A development plan however needs to provide for dwellings, so including an allowance for vacant dwellings and second homes.

4.44 We have tested this conversion factor in two ways. The first – and higher figure – has been based on the ratio of occupied household spaces to total household spaces as found by the 2011 Census and available as Table KS401¹⁰. This leads to West Dorset having 10.0% and Weymouth & Portland having 8.1% of the stock either vacant or not being used as a primary residence. Apart from vacancies, some of the accommodation not occupied by usual residents would be second homes and others holiday lets.

4.45 The second estimate is drawn from CLG 2009 council tax records and has been used by Woodhead in his review of future housing requirements (June 2013). This source shows lower percentages – 7.9% and 5.7% respectively.

4.46 The table below shows the impact of using each of these estimates for the three PBA population projections discussed above. For the highest projection PBA tested (2001

¹⁰ <https://www.nomisweb.co.uk/census/2011/ks401ew>

– 2007 trends) the per annum difference is only 19 dwellings per annum (i.e. 785 dpa or 766).

Table 4-1 Dwelling conversion for the PBA population projections

	2011-31					
	Households (000s)	Homes (Census) (000s)	Homes (Woodhead) (000s)	Homes Per Year (Census)	Homes Per Year (Woodhead)	<i>Homes Per Year (PBA)</i>
2007-12 Trends						
West Dorset	7.3	8.1	7.9	404	395	400
Weymouth & Portland	2.4	2.6	2.5	130	127	129
Local Plan Area	9.7	10.7	10.4	534	522	529
2001-11 Trends						
West Dorset	9.5	10.6	10.3	529	517	523
Weymouth & Portland	2.9	3.2	3.1	158	154	156
Local Plan Area	12.4	13.7	13.4	686	670	679
2001-07 Trends						
West Dorset	11.0	12.2	12.0	612	598	605
Weymouth & Portland	3.2	3.4	3.4	172	168	170
Local Plan Area	14.2	15.7	15.3	785	766	775

Source: PBA

- 4.47 As shown above the difference between the two approaches is small. If a single number is preferred, as opposed to the small range in the table above, a sensible (and proportionate) approach would be split the difference.
- 4.48 So in converting households to dwellings allow for 9% (West Dorset) and 7% (W&P) to be second homes or vacant at any time. So for planning any dwelling figure needs to be 9% or 7% higher than the respective household figure. The last column in the table above (*Homes Per Year (PBA)*) shows this result.

5 JOBS AND HOUSING

Aligning jobs and housing

- 5.1 In line with planning policy and guidance, local plans should provide enough housing to support the expected employment growth in the functional economic area. As explained in the Planning Practice Guidance, if jobs and houses get out of alignment this could cause problems for local business and / or cause unsustainable commuting patterns.
- 5.2 To check that proposed housing numbers meet this requirement, many housing need assessments start from the local employment forecasts commissioned from suppliers such as Experian or Cambridge Econometrics. These forecasts show future jobs located in the area ('workplace jobs'). Typically the housing study calculates how many economically active residents (workers) will be required to fill these jobs, based on assumptions about future commuting and unemployment; what population will be required to produce those workers, based on assumptions about future participation rates; and finally how many households and dwellings will be required to house that population, based on household headship rates. The resulting change in dwelling numbers is considered the job-led housing need that the plan should meet.
- 5.3 This approach is logically flawed, simply because local economic forecasting models already rely on assumptions about the future resident population. Alongside macroeconomic trends, the structure of the local economy and the past performance of that economy, each area's resident population is one of the factors that determine local workplace employment. The size and profile of the resident population impacts on employment change because it creates demand for local services such as retail, leisure, schools, GPs etc. Population may also impact on employment change through supply-side effects, if tight labour supply deters employers from locating or expanding in the area. Because future population is an input to the employment forecast, it does not make sense to make it an output of the employment forecast, as many housing needs studies do¹¹. Housing numbers derived from that calculation do not tell us anything about housing demand or need.
- 5.4 For a more robust calculation, we used a customised version of the Experian forecast. In that version, Experian replaced its usual population assumptions – which are taken from the 2010-based ONS projection – with the population showed in our preferred demographic scenario, PBA Trends 2001-07. So the forecast tells us how many workplace jobs Experian would expect to see in the plan area if the resident population changed as per our preferred scenario, and other drivers of employment accorded with Experian's normal expectations.
- 5.5 For the plan area as a whole the customised forecast shows 1,682 additional jobs over the plan period – slightly fewer than Experian's normal (baseline) forecast of 2,072 jobs. Given the wide margin for error and uncertainty in any economic forecast

¹¹ In some local forecasting models, such as Oxford Economics

the difference between the two results is not significant; both show modest job growth in the Plan Area.

- 5.6 However, what the data also shows is that despite PBA increasing the local resident workforce in the 01-07 trends scenario the number of jobs in the plan area remains similar. This may appear counter intuitive because a reader may simply expect a larger local workforce to support more jobs. But economic models are much more complex in their approach.
- 5.7 If the model considered the wider area to be short of labour and that shortage was constraining economic growth then by increasing the supply of labour the model would show increased jobs. But in this case labour is not a constraint to job growth and instead the model has used the increased local labour to reduce commuting.
- 5.8 We can see from the model details that job growth in the baseline scenario was generated almost entirely through changes to commuting patterns. The baseline model assumed almost no local working age population growth and instead secured new jobs by adjusting the net commuting balance between the Plan Area and the wider world.
- 5.9 In our amended scenario, with a higher local working age population, the model has not increased the number of local jobs but instead used the additional local labour to reduce reliance on commuted labour.
- 5.10 In summary, both forecasts suggest a similar level of job growth but the PBA Trends 01-07 scenario places a greater reliance on the potentially more sustainable approach of using local workers to fill local jobs. In the baseline the local jobs were only secured by further increasing commuting into the plan area.

Table 5-1 Workplace jobs in the study area under different demographic assumptions

Assumed future population	Workplace jobs		
	2011	2031	Change
Plan Area			
PBA Trends 01-07	78,973	80,655	1,682
Experian baseline	78,973	81,045	2,072
West Dorset			
PBA Trends 01-07	56,416	58,026	1,610
Experian baseline	56,416	58,151	1,735
Weymouth & Portland			
PBA Trends 01-07	22,557	22,629	72
Experian baseline	22,557	22,894	337

Source: Experian forecasts, PBA

6 PAST SUPPLY AND MARKET SIGNALS

Introduction

- 6.1 In this chapter, we review Weymouth & Portland and West Dorset’s past supply of housing against plan targets and look at market signals to provide an indication whether the projections should be adjusted.
- 6.2 We have taken this step because the PPG advises that the official housing projections should be adjusted to reflect any past under-provision of housing land. If planning in the past has underprovided land against demand or need, past development – and hence past population and household growth – will also have fallen short of that demand or need. By the same token, since projections roll forward that past growth into the future, they will understate future demand or need – and therefore should be adjusted upwards.
- 6.3 To determine where there has been past under-provision, the guidance suggests a number of market indicators, including past housing supply, house prices and the affordability ratio. We are looking for any evidence that there should be a revision to housing provision to correct for past under supply compared to market demand.

Weymouth & Portland

Past supply

- 6.4 The Weymouth & Portland Local Plan was adopted in 2005. This is the latest adopted plan by the Council.
- 6.5 The housing chapter in the Local Plan refers to the Bournemouth, Dorset and Poole Structure Plan, which was approved in July 2000. This set W&P a housing target of ‘about’ 4,700 dwellings (gross) to be delivered between April 1994 and March 2011 – an annual target of 313 dpa.
- 6.6 Although the target is in gross, we note from the AMRs and latest five-year supply statement that a net target of 247 dpa is used – so a total of 4,200 dwellings over the plan period.
- 6.7 The planned supply in the Local Plan is as follows:

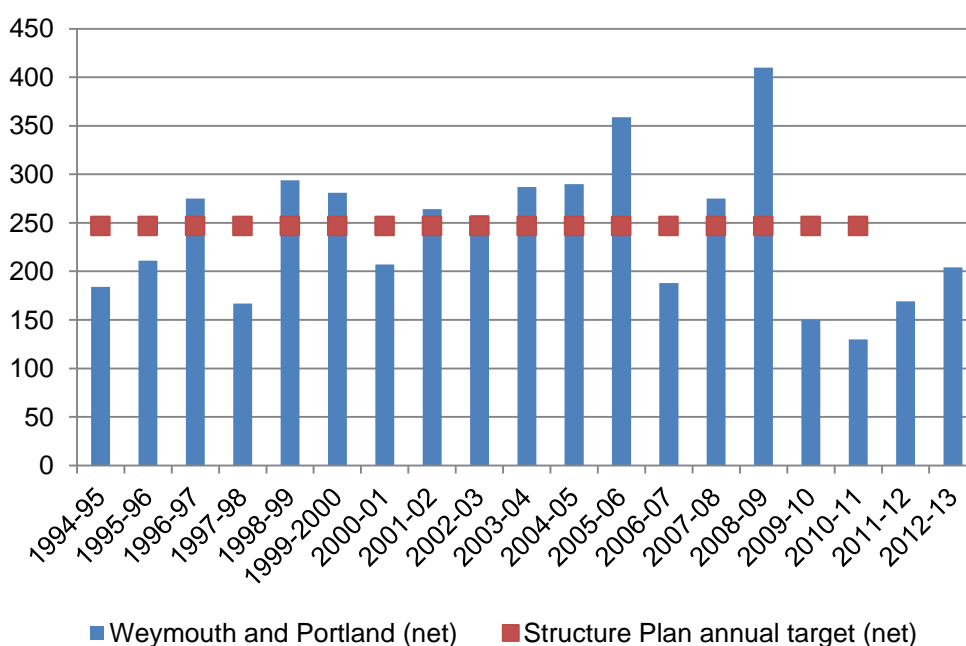
Table 6-1 Weymouth & Portland housing supply

Weymouth & Portland housing supply	
Category	Dwellings (gross)
Dwellings completed (1994-2005)	2,707 (net)
Extraordinary additions completed (MoD stock)	230

Commitments – with permission or under construction at 2005 (80% take up of 1,428)	1,142
Local Plan allocations (80% take up of 377)	302
Windfall development	720
Total	5,101

- 6.8 There are 12 allocations in the plan: three without permission and the remainder with permission. The housing chapter refers to some allocations being brought forward from the 1997 Local Plan but it does not state which ones.
- 6.9 Most of the allocations are between 1 and 100 dwellings, but the largest is the Hardy Accommodation Complex and Land Rear of Hardy Accommodation Complex (350 and 150 dwellings respectively). The allocations are split into two phases of delivery: phase 1 between 2000 and 2005; phase 2 between 2006 and 2011.

Figure 6-1 Weymouth & Portland housing completions, 1994-2013



Source: West Dorset, Weymouth & Portland 5 year housing land supply 2013-2018

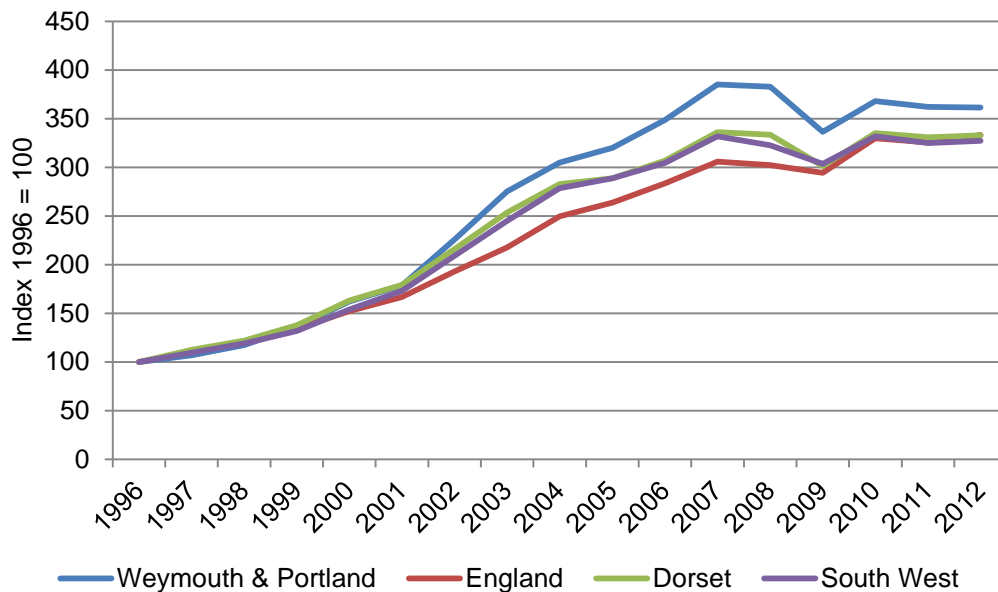
- 6.10 The chart above shows that annual completions in the early part of the structure plan period were below target (with the exception of 1996-97). We do not know why delivery was below target in this period as there is no information in the AMRs.
- 6.11 Delivery varies by year, sometimes exceeding the target and other times falling below. But in general, Weymouth & Portland met or exceeded the planned target until the recession took full effect.

- 6.12 We understand that the high rates of delivery in 2008-09 were due to already committed phases of pre-recession commitments being built out, although later phases were mothballed until the property market improved.
- 6.13 But from 2009 onwards the Council did not deliver in line with its plan target.
- 6.14 The Planning Guidance is not very clear about how planners should respond to market signals and past delivery. But it does suggest that the OAN may be adjusted (upwards) where there is evidence that planning has unduly constrained development. Where delivery stalled because of 'bad planning', for example because of a lack of development plan coverage, and there is evidence that 'bad planning' has unduly constrained past delivery, an upward revision to the projections may be warranted because delivery was constrained below market demand.
- 6.15 In this case (and with West Dorset below) the Council maintained a supply of deliverable housing land even in the recession. Between 2007 and 2012, the AMRs demonstrated a five-year supply, so any decline in delivery below target, was caused by a reduction in market demand, because deliverable land was always available.
- 6.16 We can therefore be reasonably confident that the house building trend in the recession was a fair reflection of market demand and so an upward adjustment is not necessary.

Market signals

- 6.17 The chart below shows indexed mean house prices between 1996 and 2012. The gap between the district and its comparators has grown slightly over the period; house prices have increased marginally faster than Dorset or the South West. But the difference is small and almost all the divergence occurred over between 2002 and 2006. Setting this period aside, which could easily be the result of local regeneration or other local economic improvements, the district has broadly tracked house price increases in the region.

Figure 6-2 Mean house prices at local, county, regional and national level 1996-2012 (indexed)



Source: CLG live table 581

6.18 In addition, the table below shows that affordability (a high ratio indicates low affordability) in Weymouth & Portland has fared better than the county between 2001 and 2011, and broadly kept to a similar level with the region over the same period.

Figure 6-3 Ratio of lower quartile house price to lower quartile earnings



Source: CLG Table 576

6.19 We conclude that housing land in Weymouth & Portland has not been constrained and house price pressure is not worse than the region or England. Weymouth & Portland values have not disproportionately increased which would evidence an upward adjustment over and above the national policy drive to ‘significantly boost the delivery of new housing’.

Summary

- 6.20 The Council broadly met the annual target of the Structure Plan throughout the plan period. But in the past four years, completions have been low in comparison with those in the 2000s.
- 6.21 However the Council has always made available a supply of land to meet the housing target at the time. The AMRs state that the inability to deliver to target was due to the economic downturn impacting on allocations, so a demand side as opposed to a supply side problem. What was actually built was a fair reflection of the market demand for new homes at the time.
- 6.22 We have also looked at house price increases in comparison to the rates of increase in the region and England. This is to see whether the market in Weymouth has been subject to tighter supply side constraints than nationally. But although there is some very limited evidence that house prices increased faster than average in the early parts of the 2000s the divergence is slight. There is therefore very limited evidence that an upward revision to housing need is warranted to correct for past under supply compared to market demand.

West Dorset

Past supply

- 6.23 The Council's latest adopted Local Plan is the West Dorset District Local Plan (2006).
- 6.24 Policy HS1a made provision for 4,722 net dwellings between 2005 and 2016. The plan was split into phases because of the transition from a higher Structure Plan number (529 dpa) to a lower Draft RSS number (410 dpa). So The Local Plan set out housing supply into three phases:

Table 6-2 West Dorset Local Plan housing land supply 1994-2011

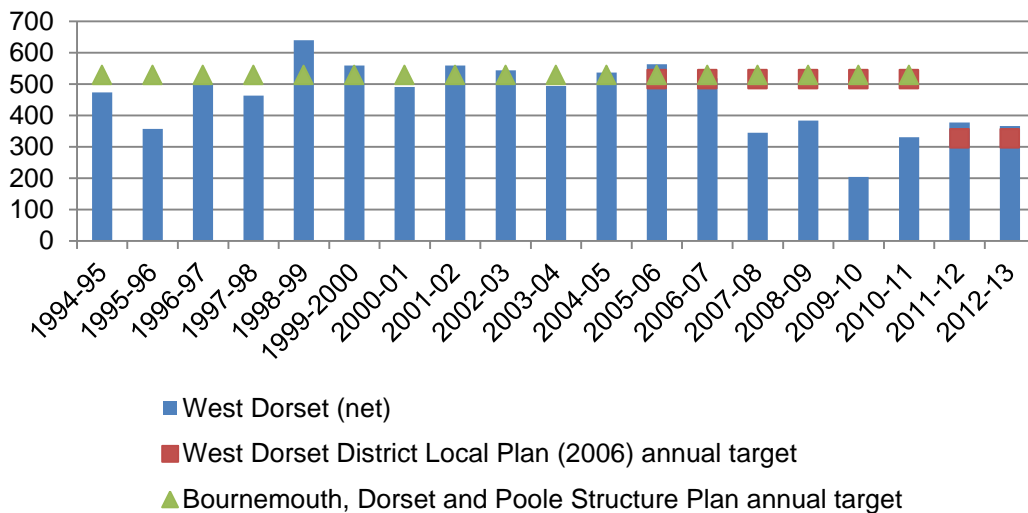
Phase	Years	Total dwellings	Annual net total	Annual strategic target	Supply breakdown
Phase 1	1994-2005	5,610 completed	510	529	
Phase 2	2005-2011	3,087	515	529 (565 residual)	1,048: with permission at 2005 654: windfalls 1,415 allocations

					-30: losses
Phase 3	2011-2016	1,635	327	410	545: windfalls 1,115: allocations -25: losses

Source: District Local Plan 2006

6.25 Regarding past delivery, the chart below shows that the annual target was broadly met up to the start of the credit crunch (and following recession). After 2007 completions dropped up to the latest monitoring year.

Figure 6-4 West Dorset housing completions, 1994-2013



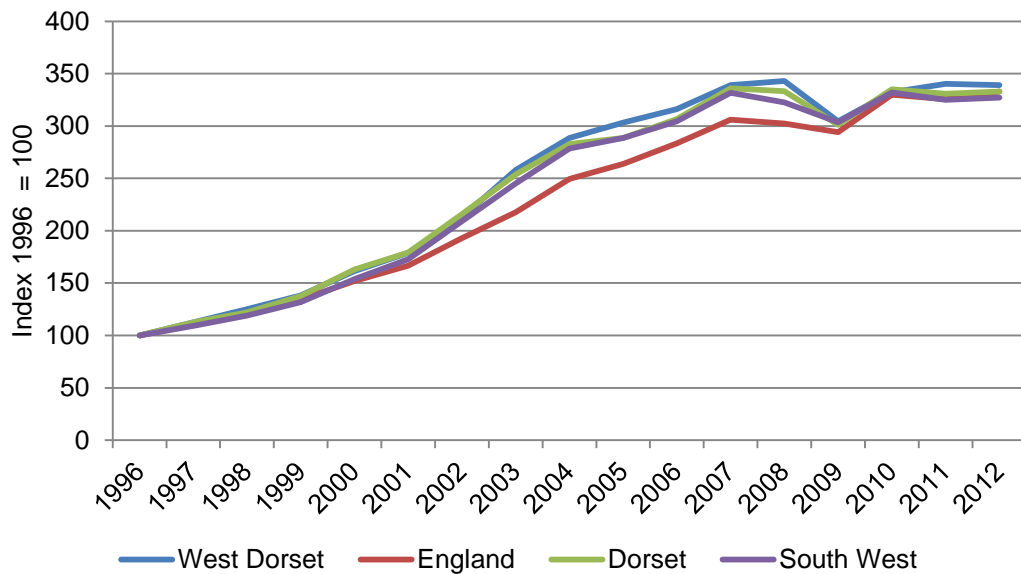
Source: West Dorset AMRs / dorsetforyou.com

6.26 This decline broadly matches the start of the credit crunch and, as with Weymouth & Portland, the Council’s monitoring data always demonstrated a supply of new land was available should market demand have wanted to take it up. For example, the 2007 five-year supply statement (covering the period 2007-12) and the 2009-14 five year supply of deliverable sites both found a five year supply in respect of the Structure Plan and draft RSS targets.

Market signals

6.27 The chart below shows indexed mean house prices between 1996 and 2012. It shows that prices in West Dorset were comparatively higher than those across England in the 2000s up to the economic downturn. However the district is no better or worse than the South West or Dorset. This therefore suggests that the level of house building in the former Structure Plan for West Dorset, which was almost always achieved before the recession, was no more ‘tight’ than the rest of the County or the region. House price increases exactly mirrored these two comparators.

Figure 6-5 Mean house prices at local, county, region and national level 1996-2012 (indexed)



Source: CLG live table 581

- 6.28 For affordability, the table below shows that housing in Dorset and West Dorset is more expensive than housing in the South West and England, and has been since in the three years shown in the chart. A high ratio indicates low affordability, where the cheapest dwellings are less financially accessible to people on the lowest incomes.
- 6.29 This may be simply because West Dorset is a more attractive place to live than the comparators. However for planning, the data suggests that the level of house building promoted by the former Structure Plan has not contributed to lower quartile house prices becoming comparably less affordable than the County, the region or England.

Figure 6-6 Ratio of lower quartile house price to lower quartile earnings



Source: CLG Table 576

Summary

- 6.30 Completions in West Dorset managed to keep up with annual targets throughout most of the plan period (1994-2011). But in the latter part of the plan period, 2007-2011, completions dropped off; mainly due to a lack of demand as opposed to supply constraints.
- 6.31 As above with Weymouth & Portland, we have looked at house prices to whether the local market has been especially 'tight' and whether house prices increases have been unusually high. We find that while house prices remain expensive in West Dorset, the rate of increase, whether in terms of absolute prices or lower quartile affordability, largely parallels the county and region; therefore, the District, and former planning policies, have not constrained the housing market.
- 6.32 There is no evidence that the housing market in this area has been undersupplied to any greater degree than the wider region or Dorset as a whole. As with comparable areas housing is expensive and there are concerns about affordability. These are national concerns and reflected in the policy push to 'significantly boost' the supply of new homes. In this area the market evidence suggests the Council needs to look towards the higher range of any housing need scenario presented.

Population change 2001-2011

- 6.33 Although not strictly a market signal here we look at the difference in the population profile in the area between the censuses.
- 6.34 We do this because understanding market signals is complicated, and many factors, including the lead demographic ones – i.e. natural change and migration – are so intertwined it is very difficult to draw meaningful conclusions from viewing them in isolation.
- 6.35 So, as a sensible cross check, we briefly look at how the population profile has shifted between the census. We use this to see whether, all things being equal, the past 10 years planning policies (but also economic drivers of population and migration) have shifted the age structure of the area which may have consequences for housing need and future planning policy.
- 6.36 The chart below shows the population profile in for the plan area 2001 compared with 2011.

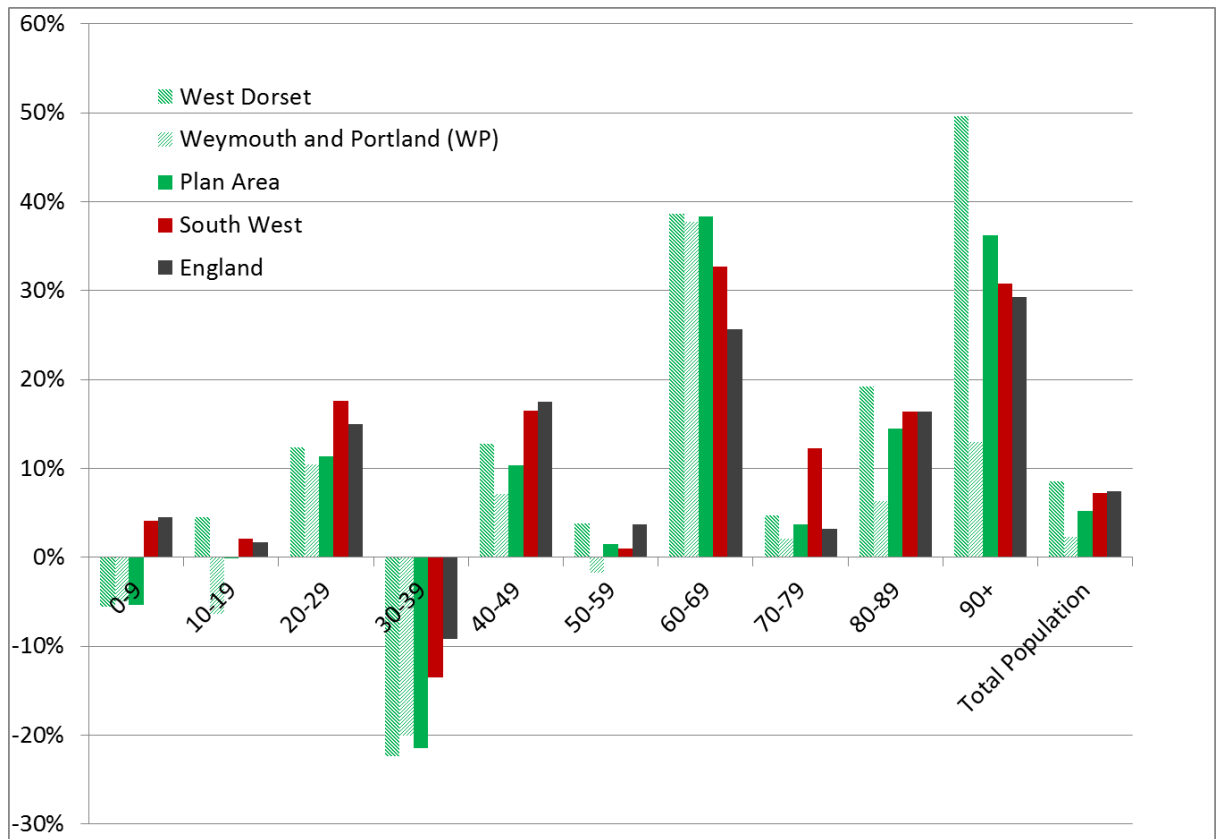
Figure 6-7 HMA population profile, 2001-2011



Source: PBA

- 6.37 The data shows that the HMA loses young people around university ages; so there are fewer 20 year olds living in the HMA than 15 year olds. This potential university effect is more muted in 2011 than 2001, which could be a decreased propensity to move away from home given the recession and higher university costs in 2011.
- 6.38 However the most noticeable difference between 2001 and 2011 is the general ageing of the population. We can see that the age structure of the area has aged significantly over the past 10 years. This ageing is especially accurate with fewer younger working age groups (25-45) and higher numbers of people who are already retired.
- 6.39 The chart below compares the change in age structure between the Plan Area, local districts, the South West and England. Looking at how the age structure is shifting relative to the region and England is important because both are also ageing.

Figure 6-8 Age structure in HMA, South West and England



Source: PBA

- 6.40 The chart shows 2011 population compared with 2001. So for example the population of people over 90 years old in West Dorset is 50% higher in 2011 compared to 2001.
- 6.41 The chart confirms that in all age groups up to 50 years old the population of the Plan area has either declined faster, or grown slower than the region and England. For older age groups, those less likely to be economically active the population growth is higher or similar than the region or England.
- 6.42 What this simple analysis of demographic change suggests is that a positive change in planning policy may be justified. If the development plan continues in future along a trajectory similar to that observed in the past 10 years, we may expect the population to continue to age at a faster rate than the region or England, with potential risks for the local economy (reliant on younger age groups) and a shift in the structure of local communities and changes for the services reliant on younger people (e.g. schools).

Summary

- 6.43 This chapter sought to test key market signals with a view to supporting an uplift in housing need, on top of that envisaged by generally expansionary Government policy.

- **There is evidence that the housing market has not been unduly constrained.** House prices in the area have increased sharply since 1996 but the price changes have remained broadly parallel to increases seen elsewhere.
- **We also find that although delivery has fallen in recent years, this is largely due to weak local demand as opposed to a (planning) policy constraint.** Both Councils have maintained a supply of development land throughout the recession.
- **However, looking at the shifting age structure in the plan area, we find that the levels of house building and migration attracted to the area have not been enough to offset the ageing local population.** As we discussed earlier, in the past, younger age migration ‘topped’ up the declining local population. But what we have seen is that between the censuses the level of housebuilding (and migration) was insufficient to prevent the HMA’s social structure ageing faster than average.
- **For this reason, we suggest increasing the rate of housing delivery above recent past trends.** Coupled with our examination of the potential labour force resulting from the various demographic projections discussed earlier this analysis suggests housing need should be similar to our 2001 – 2007 trend projection.
- **The simple justification for this projection over the others tested is that the scale and mix of migration in the 2001 – 07 projection is needed in the Plan Area to ‘top up’ the declining (and ageing) local population and secure the workforce.** This is a significant boost when compared to recent delivery and current household projections. It necessitates attracting more inward migration than captured by the official projections. However given known supply constraints in areas with known migration links to the Plan Area (London & SE) we have some confidence that migration flows can increase to match the level of new homes projected in the 2001 – 07 projection.
- **Finally we consider whether an even higher adjustment to the housing need figure could be supported, over and above the projections we have tested.** Migration is undoubtedly footloose and it is difficult to ‘cap’ it at any given level. But here we have some confidence that the 2001 – 07 projection is a reasonable minimum given the buoyant economic circumstances in that trend period.

7 CONCLUSION

- 7.1 In this report we have not only presented a range of potential housing need figures informed by demographic projections but we have also tested them to present a preferred Objectively Assessed Housing Need figure for the HMA.
- 7.2 Because projections are heavily reliant on their respective trend periods we have examined the past to see whether the projections represent a fair view of housing need over the plan period. We have also looked to see whether when projecting forward the population and age structure suggested in each projection provides for a sound population structure in the future.
- 7.3 A summary of the projections is shown below:

Table 8.1 Summary of Projections

Area	Projection	Household p.a.	Dwellings p.a.
Weymouth & Portland	CLG 2008	154	166
	CLG 2011	153	165
	ONS/PBA 2012	145	156
	2007-12 Trends	120	129
	2001-11 Trends	145	156
	2001-07 Trends	158	170
West Dorset	CLG 2008	461	507
	CLG 2011	419	460
	ONS/PBA 2012	362	398
	2007-12 Trends	364	400
	2001-11 Trends	476	523
	2001-07 Trends	551	605
Plan area	CLG 2008	615	672
	CLG 2011	572	625
	ONS/PBA 2012	507	554
	2007-12 Trends	484	529
	2001-11 Trends	621	679
	2001-07 Trends	709	775

- 7.4 We have drawn the following conclusions.
- **The most recent ONS 2012 Sub National Population Projections (when converted to households by PBA) show that as few as 507 new households are required in the plan area each year.** Once an allowance is made for second homes and empty properties this increases to 554 dwellings per year. This figure

is the most recent official population projection available and is a good starting point for assessing housing need.

- **However, our analysis shows that recent projections, including the SNPP 2012 projection project forward low migration trends witnessed in the recession.** We have shown that since 2007 house building (and migration) fell in this area probably as a direct result of the credit crunch and recession. If projected forward the period from 2007 is unlikely to represent a true reflection of housing need over the plan period.
- **With this in mind, an upward revision, over and above the most up to date SNPP projection, is justified.**
- **Secondary reasons for an increase include the need to increase local supply to address affordability concerns**
- **We have tested a number of higher projections.** The longer term, 10 year projection (01-11 Trends) includes both 'boom and bust' in its trend period and broadly covers an economic cycle. This suggests 621 households per annum (679 dwellings) should be provided. However on closer examination meeting this projection is unlikely to provide any growth in the local labour force; at least using the conservative economic activity rate assumptions we have adopted.
- **The higher PBA projection (01-07 'pre-recession') provides for an increase in migration flows to levels seen in the 'boom' period. This flow of migration results in a small increase in local labour. This requires 709 households per annum (this equates to 775 dwellings).**
- **For this reason we recommend housing need figure for the joint plan area of 775 dwellings per year.**
- **For the individual districts the 775 new dwellings breaks down to 605 dwellings for West Dorset and 170 dwellings for Weymouth and Portland.**
- **However because the two districts share a common HMA this figure should only be used indicatively and the joint plan used to direct development to the most sustainable locations within the market area.**

APPENDIX A SUMMARY OF PROJECTIONS AND FORMER TARGETS (HMA)

	DPA
<i>Former RSS (examined but not adopted)</i>	900
<i>Structure Plan</i>	830
01-07 'Pre Recession' Trends (Preferred)	775
<i>Past Delivery 91 - 12</i>	706
01 - 11 Trends	679
ONS / CLG 2008	672
<i>Submitted Plan</i>	659
<i>Pre-Submission Plan</i>	630
ONS / CLG 2011	625
<i>Past Delivery 06 - 12</i>	579
SNPP 2012	554
07 - 12 Trends	529

APPENDIX B DEMOGRAPHIC REVIEW

APPENDIX C COMPONENTS OF CHANGE

APPENDIX D DEMOGRAPHIC RESULTS

APPENDIX E EXPERIAN FORECAST